Alberta: health spending in a land of plenty

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Presentation to conference on
Bending the cost curve in health care

Saskatoon, SK: 27 September 2012
Summary

- Alberta is more expensive, with worse outcomes
- Driven by higher factor prices and higher utilization
- Driven by provincial wealth and politics
Cost per Head

above Canada average

Alberta
2008

Canada average

Life Expectancy

above Canada average

Alberta early-mid 1990s
Alberta’s economy is narrowly based, and has declined in size following the (Global) Financial
Alberta is characterized by long-serving (conservative) governments

• Becomes province in 1905, Alberta Liberal Party government (16 years in office)
• Change of government to United Farmers of Alberta in 1921 (14 years),
• to Social Credit in 1935 (36 years),
• to Progressive Conservative in 1971 (41 years so far)
Alberta used to be below Canadian average on costs, now above, age-sex adjustment widens the gap
Health’s share of provincial spending generally higher in Alberta, especially recently
Alberta loves hospitals, but underinvests in seniors’ accommodation
Alberta loves building things
The budget game: spending outcome was (prior to AHS) generally above initial budget (even after ‘approved’ adjustments)
Higher input costs, higher service costs
Nurses are paid more in Alberta
Average fee for physician visits/procedures are higher in Alberta (provinces east to west, Canada average separate)
Average physician incomes are higher in Alberta too.
Alberta provides more nursing hours per (weighted) inpatient.
Patients cost more in Alberta
Bending the curve strategies

- Structural change
- Privatization
- Primary care
Historical eras in Alberta’s health system

Pre-1988

- Hospitals and Medical Care Ministry
  - Hospital Board 1
  - Hospital Board 2
  - Hospital Board 3
  - Hospital Board 128

- Community Health Ministry
  - LTC Board 1
  - LTC Board 2
  - LTC Board 3
  - LTC Board 40
  - Public health board 1
  - Public health board 2
  - Public health board 3
  - Public health board 25
  - Cancer Board

1988-1994

- Alberta Health Ministry
  - Hospital Board 1
  - Hospital Board 2
  - Hospital Board 3
  - Hospital Board 128
  - LTC Board 1
  - LTC Board 2
  - LTC Board 3
  - LTC Board 40
  - Public health board 1
  - Public health board 2
  - Public health board 3
  - Public health board 25
  - Cancer Board
  - Mental Health Board

1994-2003

- Alberta Health and Wellness Ministry
  - Region 1
  - Region 2
  - Region 3
  - Region 4
  - Region 5
  - Region 6
  - Region 7
  - Region 8
  - Region 9
  - Region 10
  - Region 11
  - Region 12
  - Region 13
  - Region 14
  - Region 15
  - Region 16
  - Region 17
  - Cancer Board
  - Mental Health Board
  - Alcohol and Drug Abuse Commission

2003-2008

- Alberta Health and Wellness Ministry
  - Health regions
    - Capital
    - Calgary
    - Palliser
    - Chinook
    - David Thompson
    - Aspen
    - East Central
    - Peace Country
    - Northern Lights
  - Boards
    - Cancer Board
    - Mental Health Board
    - Alcohol and Drug Abuse Commission

# Number of reports to service delivery integration point

May 15, 2008

Health Minister

Alberta Health and Wellness Ministry

Alberta Health Services
Example of intra-provincial inequity
Alberta was characterized by generous remuneration and management staffing

<table>
<thead>
<tr>
<th></th>
<th>Calgary</th>
<th>Capital</th>
<th>Cancer Board</th>
<th>All others</th>
<th>Subtotal</th>
<th>AHS</th>
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<tbody>
<tr>
<td>President &amp; CEO</td>
<td>1,335</td>
<td>915</td>
<td>712</td>
<td>3,227</td>
<td>6,189</td>
<td>744</td>
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<tr>
<td>Other Board and CEO Direct Reports</td>
<td>4,332</td>
<td>3,095</td>
<td>2,343</td>
<td>11,174</td>
<td>20,944</td>
<td>5,063</td>
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Administrative expenses are generally higher in Alberta
Privatization

- Cataracts
- Orthopaedics
- Linen
- Payroll processing
“Improving health for all Albertans”

Enabling One Health Service
- Finance
- Information Technology
- Data Integration, Measurement & Reporting
- Capital
- Procurement

Target 2015
- Working as one
- Making healthy choices easy choices
- Right Care in Right Place & Time
- Best Use of Resources
- Reducing rework and waste
- Supporting self management
- Supportive Environments & Options for Seniors
- Skilled & Satisfied Workforce
- Working with partners

Enabling Our People
- Engagement Plan (5 strategies)
- Scope of Practice
- Health and Safety
- Culture and values
- Future ready

Improving Access Reducing Wait Times
- Right service
- Right place
- Right time

Choice and Quality for Seniors
- At home
- In the community

Building a Primary Care Foundation
- Primary care access
- Early Detection
- Management & Treatment
- Self Management
- Mental Health

Today 2010
- Growing, Aging, & Diverse Populations
- Disparities in Health
- The chronic disease tsunami
- Waiting for Service
- Practice Variation
- Limited options for Seniors
- Effort and resource duplication
- Workforce misalignment

Staying Healthy, Improving Population Health
Barriers to bending the cost curve

- **Provincial wealth**
  - Intra-provincial rivalry
  - Physician power

- **Provincial politics**
  - One party state ➔ clientelism
Clientelism

• Politics is about symbiotic exchange relationships develop which thwart meritocratic resource allocation processes

“A Tory loss would trigger Conservatives of convenience to head for the nearest lifeboat, since the PCs have about as much conviction as an empty bag of potato chips and are nothing without power. Not to break any hearts, but many Tory supporters do the supporting because they have an acute sense of smell — for the gravy at the trough”. (Rick Bell, *Calgary Sun*)
Privatization

- Cataracts
- Orthopaedics
- Linen
- Laboratory services

- Payroll processing
Barriers to bending the cost curve

• **Provincial wealth**
  • Intra-provincial rivalry
  • Physician power

• **Provincial politics**
  • One party state ➔ clientelism
  • Rural gerrymander
There are significant differences in utilization rates across the province.
Barriers to bending the cost curve

• **Provincial wealth**
  - Intra-provincial rivalry
  - Physician power

• **Provincial politics**
  - One party state → clientelism
  - Rural gerrymander
  - Sharing the oil wealth
Conclusion

In Alberta, political dynamics trump the economic drivers, including cost containment